

## CONFERENCE COMMITTEE SUBSTITUTE FOR

## HOUSE SUBSTITUTE FOR

## HOUSE COMMITTEE SUBSTITUTE FOR

## SENATE SUBSTITUTE FOR

## SENATE COMMITTEE SUBSTITUTE FOR

## SENATE BILL NO. 730

## AN ACT

To amend chapter 137, RSMo, by adding thereto one new section relating to a homestead exemption for the elderly, with an effective date and sunset provisions.

---

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,  
AS FOLLOWS:

1       Section A. Chapter 137, RSMo, amended by adding thereto one  
2 new section, to be known as section 137.106, to read as follows:

3       137.106. 1. This section may be known and may be cited as  
4 "The Missouri Homestead Preservation Act".

5       2. As used in this section, the following terms shall mean:

6       (1) "Department", the department of revenue;

7       (2) "Director", the director of revenue;

8       (3) "Disabled", as such term is defined in section 135.010,  
9 RSMo;

10       (4) "Eligible owner", any individual owner of property who  
11 is sixty-five years old or older as of January first of the tax  
12 year in which the individual is claiming the credit or who is  
13 disabled, and who had an income of equal to or less than the  
14 maximum upper limit in the year prior to completing an  
15 application pursuant to subsection 4 of this section; in the case  
16 of a married couple owning property either jointly or as tenants

1 by the entirety, or where only one spouse owns the property, such  
2 couple shall be considered an eligible taxpayer if both spouses  
3 have reached the age of sixty-five or if one spouse is disabled,  
4 or if one spouse is sixty-five years old and the other spouse is  
5 at least sixty years old, and the combined income of the couple  
6 in the year prior to completing an application pursuant to  
7 subsection 4 of this section did not exceed the maximum upper  
8 limit; no individual shall be an eligible owner if the individual  
9 has not paid their property tax liability, if any, in full by the  
10 payment due date in any of the three prior tax years, except that  
11 a late payment of a property tax liability in any prior year, not  
12 including the year in which the application was completed, shall  
13 not disqualify a potential eligible owner if such owner paid in  
14 full the tax liability and any and all penalties, additions and  
15 interest that arose as a result of such late payment; no  
16 individual shall be an eligible owner if such person qualifies  
17 for the senior citizen property tax relief credit pursuant to  
18 sections 135.010 to 135.035, RSMo;

19 (5) "Homestead", as such term is defined pursuant to  
20 section 135.010, RSMo, except as limited by provisions of this  
21 section to the contrary. No property shall be considered a  
22 homestead if such property was improved since the most recent  
23 annual assessment by more than five percent of the prior year  
24 appraised value;

25 (6) "Homestead exemption limit", a percentage increase,  
26 rounded to the nearest hundredth of a percent, which shall be  
27 equal to the percentage increase to tax liability, not including  
28 improvements, of a homestead from one tax year to the next that

1 exceeds a certain percentage set pursuant to subsection 8 of this  
2 section;

3 (7) "Income", federal adjusted gross income;

4 (8) "Maximum upper limit", in the calendar year 2005, the  
5 income sum of seventy thousand dollars; in each successive  
6 calendar year this amount shall be raised by the incremental  
7 increase in the general price level, as defined pursuant to  
8 article X, section 17 of the Missouri Constitution.

9 3. Pursuant to article X, section 6(a) of the Constitution  
10 of Missouri, if in the prior tax year, the property tax liability  
11 on any parcel of subclass (1) real property increased by more  
12 than the homestead exemption limit, without regard for any prior  
13 credit received due to the provisions of this section, then any  
14 eligible owner of the property shall receive a homestead  
15 exemption credit to be applied in the current tax year property  
16 tax liability to offset the prior year increase to tax liability  
17 that exceeds the homestead exemption limit, except as eligibility  
18 for the credit is limited by the provisions of this section. The  
19 amount of the credit shall be listed separately on each  
20 taxpayer's tax bill for the current tax year, or on a document  
21 enclosed with the taxpayer's bill. The homestead exemption  
22 credit shall not affect the process of setting the tax rate as  
23 required pursuant to article X, section 22 of the Constitution of  
24 Missouri and section 137.073 in any prior, current, or subsequent  
25 tax year.

26 4. Any potential eligible owner may apply for the homestead  
27 exemption credit by completing an application through their local  
28 assessor's office. Applications may be completed between April

1 first and September thirtieth of any tax year in order for the  
2 taxpayer to be eligible for the homestead exemption credit in the  
3 tax year next following the calendar year in which the homestead  
4 exemption credit application was completed. The application  
5 shall be on forms provided to the assessor's office by the  
6 department. Forms also shall be made available on the  
7 department's internet site and at all permanent branch offices  
8 and all full-time, temporary, or fee offices maintained by the  
9 department of revenue. The applicant shall attest under penalty  
10 of perjury:

11 \_\_\_\_\_ (1) To the applicant's age;

12 \_\_\_\_\_ (2) That the applicant's prior year income was less than  
13 the maximum upper limit;

14 \_\_\_\_\_ (3) To the address of the homestead property; and

15 \_\_\_\_\_ (4) That any improvements made to the homestead did not  
16 total more than five percent of the prior year appraised value.

17 The applicant shall also include with the application copies of  
18 receipts indicating payment of property tax by the applicant for  
19 the homestead property for the two prior tax years.

20 \_\_\_\_\_ 5. The assessor, upon receiving an application, shall:

21 \_\_\_\_\_ (1) Certify the parcel number and owner of record as of  
22 January first of the homestead, including verification of the  
23 acreage classified as residential on the assessor's property  
24 record card;

25 \_\_\_\_\_ (2) Obtain appropriate prior tax year levy codes for each  
26 homestead from the county clerks;

27 \_\_\_\_\_ (3) Record on the application the assessed valuation of the  
28 homestead for the current tax year, and any new construction or

1 improvements for the current tax year; and

2 (4) Sign the application, certifying the accuracy of the  
3 assessor's entries.

4 6. Each applicant shall send the application to the  
5 department by September thirtieth of each year for the taxpayer  
6 to be eligible for the homestead exemption credit in the tax year  
7 next following the calendar year in which the application was  
8 completed.

9 7. Upon receipt of the applications, the department shall  
10 calculate the tax liability, adjusted to exclude new construction  
11 or improvements, verify compliance with the maximum income limit,  
12 verify the age of the applicants, and make adjustments to these  
13 numbers as necessary on the applications. The department also  
14 shall disallow any application where the applicant has also filed  
15 a valid application for the senior citizens property tax credit,  
16 pursuant to sections 135.010 to 135.035, RSMo. Once adjusted tax  
17 liability, age, and income is verified, the director shall  
18 determine eligibility for the credit, and provide a list of all  
19 verified eligible owners to the county collectors or county  
20 clerks in counties with a township form of government by December  
21 fifteenth of each year. By January fifteenth, the county  
22 collectors or county clerks in counties with a township form of  
23 government shall provide a list to the department of any verified  
24 eligible owners who failed to pay the property tax due for the  
25 tax year that ended immediately prior; such eligible owners shall  
26 be disqualified from receiving the credit in the current tax  
27 year.

28 8. The director shall calculate the level of appropriation

1 necessary to set the homestead exemption limit at five percent  
2 when based on a year of general reassessment or at two and one-  
3 half percent when based on a year without general reassessment  
4 for the homesteads of all verified eligible owners, and provide  
5 such calculation to the speaker of the house of representatives,  
6 the president pro tempore of the senate, and the director of the  
7 office of budget and planning in the office of administration by  
8 January thirty-first of each year.

9 9. If, in any given year, the general assembly shall make  
10 an appropriation for the funding of the homestead exemption  
11 credit that is signed by the governor, then the director shall,  
12 by July thirty-first of such year, set the homestead exemption  
13 limit. The limit shall be a single, statewide percentage  
14 increase to tax liability, rounded to the nearest hundredth of a  
15 percent, which, if applied to all homesteads of verified eligible  
16 owners who applied for the homestead exemption credit in the  
17 immediately prior tax year, would cause all but one-quarter of  
18 one percent of the amount of the appropriation, minus any  
19 withholding by the governor, to be distributed during that fiscal  
20 year. The remaining one-quarter of one percent shall be  
21 distributed to the county assessment funds of each county on a  
22 proportional basis, based on the number of eligible owners in  
23 each county; such one-quarter percent distribution shall be  
24 delineated in any such appropriation as a separate line item in  
25 the total appropriation. If no appropriation is made by the  
26 general assembly during any tax year or no funds are actually  
27 distributed pursuant to any appropriation therefor, then no  
28 homestead preservation credit shall apply in such year.

1       10. After setting the homestead exemption limit, the  
2       director shall apply the limit to the homestead of each verified  
3       eligible owner and calculate the credit to be associated with  
4       each verified eligible owner's homestead, if any. The director  
5       shall send a list of those eligible owners who are to receive the  
6       homestead exemption credit, including the amount of each credit,  
7       the certified parcel number of the homestead, and the address of  
8       the homestead property, to the county collectors or county clerks  
9       in counties with a township form of government by August thirty-  
10       first. Pursuant to such calculation, the director shall instruct  
11       the state treasurer as to how to distribute the appropriation to  
12       the county collector's funds of each county where recipients of  
13       the homestead exemption credit are located, so as to exactly  
14       offset each homestead exemption credit being issued, plus the  
15       one-quarter of one percent distribution for the county assessment  
16       funds. As a result of the appropriation, in no case shall a  
17       political subdivision receive more money than it would have  
18       received absent the provisions of this section plus the one-  
19       quarter of one percent distribution for the county assessment  
20       funds. Funds, at the direction of the county collector, shall be  
21       deposited in the county collector's fund of a county or may be  
22       sent by mail to the collector of a county not later than October  
23       first in any year a homestead exemption credit is appropriated as  
24       a result of this section and shall be distributed as moneys in  
25       such funds are commonly distributed from other property tax  
26       revenues, so as to exactly offset each homestead exemption credit  
27       being issued.

28       11. The department shall promulgate rules for

1 implementation of this section. Any rule or portion of a rule,  
2 as that term is defined in section 536.010, RSMo, that is created  
3 under the authority delegated in this section shall become  
4 effective only if it complies with and is subject to all of the  
5 provisions of chapter 536, RSMo, and, if applicable, section  
6 536.028, RSMo. This section and chapter 536, RSMo, are  
7 nonseverable and if any of the powers vested with the general  
8 assembly pursuant to chapter 536, RSMo, to review, to delay the  
9 effective date, or to disapprove and annul a rule are  
10 subsequently held unconstitutional, then the grant of rulemaking  
11 authority and any rule proposed or adopted after August 28, 2004,  
12 shall be invalid and void. Any rule promulgated by the  
13 department shall in no way impact, affect, interrupt, or  
14 interfere with the performance of the required statutory duties  
15 of any county elected official, more particularly including the  
16 county collector when performing such duties as deemed necessary  
17 for the distribution of any homestead appropriation and the  
18 distribution of all other real and personal property taxes.

19 12. In the event that an eligible owner dies or transfers  
20 ownership of the property after the homestead exemption limit has  
21 been set in any given year, but prior to the mailing of the tax  
22 bill, the credit shall be void and any corresponding moneys,  
23 pursuant to subsection 10 of this section, shall lapse to the  
24 state to be credited to the general revenue fund.

25 13. In accordance with the provisions of sections 23.250 to  
26 23.298, RSMo, and unless otherwise authorized pursuant to section  
27 23.253, RSMo:

28 (1) Any new program authorized under the provisions of this



1 section shall automatically sunset six years after the effective  
2 date of this section; and

3 (2) This section shall terminate on September first of the  
4 year following the year in which any new program authorized under  
5 this section is sunset, and the revisor of statutes shall  
6 designate such sections and this section in a revision bill for  
7 repeal.

8  
9  
10 ✓  
11 \_\_\_\_\_  
12  
13  
14  
15 \_\_\_\_\_